



State of Utah  
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June 26, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8895 5231

Mr. Loy Crapo  
The Bug House  
350 East 300 South  
P.O. Box 1113  
Delta, Utah 84624

Re: Permit Transfer, Loy Crapo, ML 27618, S/025/025, Kane County, Utah

Dear Mr. Crapo:

On March 11, 2002, we received a modified small mine permit transfer form for the Caruso Mine (file number S/025/007). The form was intended to transfer state Mineral Leases #ML 27618, ML 26996 and ML 41354 from Joe's Rock Shop (c/o Marie Caruso) to Joseph M. Caruso and Loy Crapo. The form indicated that the new operators would each have 50% ownership of State Lease #ML 27618 and ML 26996, and each operator would also have the right to mine both leases.

The small mine permit transfer was not finalized because current disturbed area maps of the lease areas were not included with the transfer form. On May 23, 2002, Tom Munson of the Minerals Program staff, performed an inspection and GPS survey of these mine areas. Mr. Munson also inspected a small pit that was portrayed as being within the Trail Canyon area on State Lease #ML 27618 (under file #S/025/025). After analyzing the GPS data collected during the onsite inspection, it has been determined that this small pit is not located on lease #ML 27618, but appears to be located on State Lease #ML 48588, which is held by Robert Harris (see attached map).

Subsequent negotiations have transpired since Mr. Munson's inspection and our receipt of the original permit transfer form, resulting in the following proposed changes to the transfer documents:

1. Mr. Crapo will be responsible for reclamation of all disturbances on ML 27618 (new file number S/025/025).

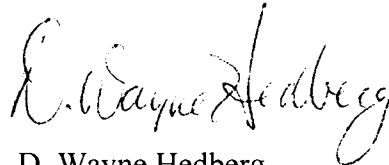
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2. Mr. Caruso will be responsible for reclamation of all disturbances on combined leases ML 26996 and ML 41354 (new file number S/025/027).

Please sign and return the enclosed and revised Transfer Form within 10 days. These transfer forms have been filled out with the appropriate legal descriptions and have GPS disturbed area maps attached. *When the permit transfers are complete, we will close and retire file S/025/007.*

Thank you for your immediate attention to this matter.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosures: DOGM GPS map, Revised MR-TRS form  
cc: Will Stokes, SITLA  
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